GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Energy, Infrastructure & Investment Department- Proposal for development of Floating Storage and Regasification Terminal with Associated Facilities in Krishnapatnam Port, Andhra Pradesh under a Build, Operate, Share & Transfer (BOST) model through a Private Funded Initiative (PFI) Mechanism by IHSB in consortium with LEPL ventures Private Ltd., to ensure adequate supply of Gas for the Power and Industrial Sector of A.P- "In Principle Approval" – Accorded-Orders-Issued.

ENERGY, INFRASTRUCTURE & INVESTMENT (PORTS.1) DEPARTMENT

G.O.MS.No. 7 Dated: 01-03-2016

Read the following:

1. Letter received from Special Envoy to India & South Asia on Infrastructure, Prime Minister's Department, Government of Malaysia Lr.No: Nil, Dated: 07.10.2015.
2. Letter received from LEPL and ISOMERIC Holdings Sdn Bhd., Limited, Lr.No: NIL, Dated: 18.11.2015.
3. Letter received from M/s.KPCL addressed to DoP, Kakinada and a copy marked to the Government No:KP/DOP/255, dated:21.12.2015.
4. Letter received from DoP, Kakinada No:DoP/D4/3631/2015, dated:22.12.2015.

O R D E R:-

In the letter 1st read above, the Special Envoy to India & South Asia on Infrastructure, Prime Ministers Department has informed that Isomeric Holdings Sdn., Bhd (IHSB) a well established and experienced Malaysian company that provides services to Oil and Gas operators, drilling rig contractors, equipment providers and project teams in consortium with LEPL Ventures Pvt., Limited have proposed to undertake Regasification terminal with associated facilities in Krishnapatnam Port under Build, Own & Operate Model through a Private Funded Initiative (PFI) Mechanism to ensure adequate supply of Gas for the Power and Industrial Sector of A.P and that they required the following support from the Government of AP.

(i) Government of Andhra Pradesh to issue orders to Special Purpose Vehicle (SPV) created by both IHSB and LEPL to establish a floating storage and Re-gasification Terminal at the Krishnapatnam Port.

(ii) The Department of Energy, Infrastructure & Investment, GoAP has to give necessary support to establish the Project.

(iii) Necessary permission to be given to conduct public hearings (if needed) to obtain the relevant environmental clearances and

(iv) Support from the Government of Andhra Pradesh for obtaining the necessary and relevant clearances permits and licenses (where applicable) to fast track the implementation of this project.

2. In the letter 2nd read above, the MD/CEO, M/s. Isomeric and LEPL have stated that the project will be undertaken by their consortium and their world class team of professionals, to ensure that this project is designed and implemented in a fast track manner (Within 24-30 months once all approvals are in place). Their proposed business model for this project is on a Build, Own and Operate (BOO) model and will be strictly a private funded initiative (PFI), where there will not be any form of financial contribution / requirement from the State Government of Andhra Pradesh or the Government of India.

3. They have further stated that based on the requirement, they as a consortium, would like to have any Corporation / Institution of Government of Andhra Pradesh, to

be a part of the project, whether on Equity basis or profit sharing basis. The implementation of this project will bring in Foreign Direct Investment (FDI) into the State of Government of Andhra Pradesh of approx… USD 800 million and also create direct and indirect jobs that will have a positive effect on the economy of AP.

4. Finally they have informed that to enable their consortium to implement the proposed project for the Socio-Economic benefit of AP specifically and India generally, they seek the support of the Government of AP and requested the Government to take necessary action in the matter.

5. In the letter 3rd read above M/s KPCL have stated that the proposal of LEPL & Isomeric Holdings Sdn. Bhd. Limited to develop a Re-gasification Terminal with Associated Facilities at Krishnapatnam Port has been received by their Management and the same is under discussion with them on the techno commercial matters. After the initial discussions, they propose to enter into a MOU with them and progress further on the matter.

6. M/s KPCL have further stated that Krishnapatnam Port was developed on the basis of Concession Agreement on Build Operate Share and Transfer (BOST) basis and therefore, M/s. KPCL cannot extend Build, Own & Operate (BOO) facility to the project proponent, as requested by the Consortium.

7. M/s KPCL have also stated that they are willing to extend all support for developing the terminal in accordance with provisions of their Concession Agreement with GoAP by providing the requisite waterfront, land and other facilities on a sub-lease basis, subject to approval by GoAP and on the basis of a separate agreement to be entered into between the project proponent and Krishnapatnam Port.

8. In the letter 4th read above, the Director of Ports, AP, Kakinada has furnished the following details of the proposed Project:

- The proposed business model for this project is on a Build, Operate and Own (BOO model) and will be Private Funded Initiative (PFI) where there will not be any form of financial contribution / requirement from the Government of Andhra Pradesh / Government of India.
- Approximate Foreign direct investment is USD 2.0 Billion.
- Proposed to be implemented within 12 – 18 Months once all approvals are in place.
- Consortium offers share in the project to the Government of Andhra Pradesh on equity sharing basis or Profit sharing basis by any corporation / institution of Government of Andhra Pradesh.

9. While stating the above position the Director of Ports, AP, Kakinada has requested the Government to give "in Principle approval " to the project to be implemented in Build, Operate, Share and Transfer (BOST) model subject to fulfillment of certain conditions.

10. Government after careful examination of the proposal hereby accord "In Principle" approval to M/s. Krishnapatnam Port Company Limited (KPCL) for sub leasing the facility for setting up of Floating Storage and Regasification Terminal by IHSB and LEPL consortium through Build, Operate, Share and Transfer (BOST) model consistent with Concession Agreement of Krishnapatnam Port subject to the following conditions:

(i) M/s KPCL shall evaluate all the reports, documents, clearances and any other required document pertaining to the proposal and submit an appraisal report to the Department of Ports.

(ii) M/s KPCL shall submit MOU, Port Services Agreement and any other agreement proposed to be entered with the Sub-lessee to the Department of Ports.

(iii) Director of Ports, Kakinada shall form a Technical Committee consisting of experts in the area and evaluate the appraisal report, MOU, Port Services Agreement and all other documents submitted by M/s KPCL and submit to the Government its recommendations. Technical Committee shall ensure that all the reports, documents agreements, etc are consistent with Concession Agreement.

(iv) The Consortium has to provide Feasibility Report, Detailed Project Report and EIA of the said project.

(v) The DPR should enlighten the capacity of the Project, location of the project in Krishnapatnam Port.

(vi) This proposed project is required to be incorporated in the Revised Master Plan of Krishnapatnam Port which has to be approved by the Government.

(vii) The Consortium has to obtain all applicable/necessary Statutory Clearances from any/all Government Maritime Institutions including, but not limited to the following clearances from the following:

- Approval of the TOR and Environmental Clearance from Ministry of Environment and Forest.
- National Ports Safety and Port Clearance from Director General of Shipping.
- Clearance from Petroleum & Natural Regulatory Board, New Delhi.
- The details of Port Service Agreement concluded if any by IHSB and LEPL Consortium and M/s. Krishnapatnam Port Company Limited including details of revenues that may accrue to Government have to be furnished.

11. Final approval will be given to M/s. KPCL to sub-lease its facility for setting up of Floating Storage and Regasification Terminal through BOST (Build, Operate, Share and Transfer) model consistent with Concession Agreement only after taking inputs from the Technical Committee report.

12. M/s. Krishnapatnam Port Company Limited and the Director of Ports, AP, Kakinada shall take further necessary action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
SECRETARY TO GOVERNMENT

To
1. M/s. Krishnapatnam Port Company Limited.
2. The Director of Ports, AP, Kakinada.
3. M/s. LEPL Projects Limited, Lingamaneni Corporate House,
Ramachandra Nagar, Vijayawada-520008

Copy to
Finance Department.
Law Department.
Ps to Hon'ble Chief Minister.

// FORWARDED :: BY ORDER //

SECTION OFFICER